

## LNF & IHCIF Calculations Illustration

### - GILA RIVER HCC in Phoenix area -

#### Given Data

- 19,677 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 17% = % Expenditures on purchased services, 83% = % expenditures in-house
- 105.9% = Cost index for purchasing health care in this geographic area
- 92.9% = Size cost index for in-house costs due to small or large size
- 100.9% = Phoenix area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$536 per person for purchased services =  $17\% * 105.9\% * \$2,980$
- \$2,299 per person for in-house services =  $83\% * 92.9\% * \$2,980$
- \$2,835 per person total = \$536 (purchase) + \$2,299 (in-house)
- **\$2,861 per person total** adjusted for health status =  $\$2,835 * 100.9\%$
- **\$2,116 per person net cost** =  $\$2,861 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 19,677 users excluding wrap-around and collections)

- \$882 per person = local IHS allowance (excludes \$ for wrap-around)
- \$376 per person = expenditures elsewhere in Phoenix area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,313 per person for OU users** =  $\$882 + \$376 + \$54$

#### LNF Calculation

- **45.9% Gross LNF** =  $\$1,313$  (expenditures) /  $\$2,861$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **62.0% Net LNF** =  $\$1,313 / \$2,116$  net cost ( $\$2,861 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 62.0% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### GILA RIVER HCC Unmet Needs

- **\$41,642,604 Net Total Need** =  $19,677$  users \*  $\$2,116$  net cost
- **\$15,809,637 Net Unmet Need** =  $(100\% - 62.0\% \text{ LNF}) * 19,677$  users \*  $\$2,116$  net cost